GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:396
ANSWERED ON:15.12.2000
GOVERNMENT s SHARE IN RRBs
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to reduce its share holding in Regional Rural Banks also;

(b) if so, the details thereof;

(c) whether the Government will make efforts for strengthening the Regional Rural Bankswhich give priority to the poor and backward people of rural areas; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) No, Sir. There is no such proposal.

(b) Does not arise.

(c) and (d) Government has taken various measures for strengthening the Regional RuralBanks (RRBs) so as to enable them to meet the credit needs of the poor and backward people of rurai areas. The important measures are as under :-

(i) The share capital (issued capital) of RRBs has been enhanced from Rs. 25 lakhs to Rs. 1.00 In order to further strengthen the equity base of RRBs recapitalisation process was initiated in 1994-95. Till date 187 out of 196 RRBs, have been covered under the process and an aggregate amount of Rs. 2188.42 crore has been contributed by the share-hoiders i.e. Central Government (50%), respective State Governments (15%) and sponsor banks (35%);

(iii) Sponsor banks have been entrusted with greater managerial and operational responsibility of their sponsored RRBs;

(iv) RRBs have been preparing bank specific Development Action Plans (DAPs) and have entered into Memorandum of Understanding (Molls) with their sponsor banks on an annual basis for bringing improvement in their perfor- mance in a planned way to attain viability on sustainable basis;

(v) Various schemes have been introduced by RRBs to attract more and more beneficiaries, which include, introduction of composite credit facilities for farmers having satisfactory track record, introduction of kisan credit Cards scheme and adoption of Self Help Group (SHG) approach for purveying of micro credit in rural Areas; and

(vi) RRBs have been brought at par with commercial 01banks in regard to their lending to priority sector.IB As a result of the above measures, (as on 31st March, 2000), 162 out of 196 RRBs have earned a combined net profit of Rs. 561.00 crore. Out of these 162 RRBs, 55 have wiped off their accumulated losses.